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## Memorandum

From the office of  
Chairman Doug Little  
Arizona Corporation Commission  
1200 W. WASHINGTON  
PHOENIX, ARIZONA  
(602) 542-0745

TO: Docket Control

DATE: August 19, 2016

FROM: Chairman Doug Little's Office

SUBJECT: APS E-01345A-16-0036  
APS E-01345A-16-0123

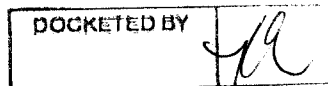
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Chairman Little's office received 1 email with attachment, referencing and commenting on the above docket number. The emails can be viewed via the Docket link on the website, or in Docket.

Arizona Corporation Commission

DOCKETED

AUG 19 2016



**Andrea Gaston**

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**From:** Craig Watts <cw\_nm@yahoo.com>  
**Sent:** Friday, July 15, 2016 2:56 PM  
**To:** Little-Web  
**Subject:** APS Proposed Rate Cases  
**Attachments:** 2016-ny comments to commission).pdf

Dear Commissioner Little,

I am forwarding my comments regarding the APS Proposed Rate Increases to you so that my concerns are made apart of these cases. My comments are attached as a PDF file.

If you have any questions or need any clarification, please contact me.

Please reply to this message so I know it was received and that you could open the attached file.

Thank you for taking the time to hear my concerns.

Sincerely,

3-01345A-16-0036  
3-10345A-16-0123

Craig

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This Message Is From Craig Watts

Craig Watts  
21835 N. 263<sup>rd</sup> Drive  
Buckeye, AZ 85396  
July 15, 2016

Commissioners  
Arizona Corporation Commission

Re: APS Proposed Rate Increase

Docket Nos. **E-01345A-16-0036**  
E-10345A-16-0123

Dear Commissioners.

I am a current solar customer of APS and believe some of its proposals in the rate request are not in the interest of formulating GOOD PUBLIC POLICY. I believe the Commission has a fiduciary responsibility to the citizens of Arizona to operate as follows:

1. The Commission's first responsibility is to review rate request and ONLY approve rate increases that create GOOD PUBLIC POLICY,
2. The Commission's second responsibility is to ONLY approve rate increases that provide a reasonable rate of return for a company and not ones that provide a return for the company that is unreasonable/unjust,
3. The Commission's third responsibility is to ONLY approve rate increases the properly allocate a company's cost in an appropriate manner without placing unfair burdens on customers trying to conserve our limited natural resources (trying to lower energy usage).
4. Conserving our limited natural resources is GOOD PUBLIC POLICY.
5. Encouraging a company and customers to develop/use renewal, sustainable energy is GOOD PUBLIC POLICY.
6. Continuing to rely on the use of non-renewal energy sources (fossil fuels and nuclear energy) is BAD PUBLIC POLICY,
7. Customer solar systems which feed excess generated electricity back into the grid for other customers use is GOOD PUBLIC POLICY because:
  - a. These systems generate renewable, sustainable energy,
  - b. These systems are less expensive per kilowatt than similar systems developed by APS,
  - c. The cost of these systems is NOT paid for by rate payers,
  - d. The excess electricity generated by these systems and fed back into the grid for use by others reduces/postpones the need for APS to build new generating facilities which cost much more per kilowatt of electricity than the cost of customer owned systems (the cost of APS constructing, maintaining, and operating these systems would be paid for by customers and included in the rates, whereas the same cost of customer owned systems is not paid for by customers and is not in the rates).

In addition, I have the following specific comments about APS's current request:

1. First regarding solar rates:

- a. It appears APS wants to eliminate the buy-back program for excess generated electricity from customer solar systems. Current rates provide for a payment to customers at the end of December at a minimal rate (~2.9 cents/kilowatt hour) which, I believe, is comparable to wholesale electricity rates.
  - b. There does not appear to be any proposal to compensate customers for this excess generated electricity annually. Also, there does not appear to be any proposal to carry forward this credit from one year to the next. If this is indeed the proposal, allowing APS to take without compensating customers for the excess electricity is by all common definitions a crime of theft. Taking without compensation is strictly prohibited under the US Constitution.
  - c. If the above is accurate (eliminating the buy-back program and the lack of a new carry-forward credit program), this would create a major disincentive to customer installed solar systems. This would result in the creation of an unfair advantage for APS owned solar systems over customer owned solar systems. As stated above, customer solar system generated electricity is much less expensive than APS owned systems (APS systems are included in the rates; customer owned systems are not). This would create BAD PUBLIC POLICY because of the disincentives for the cheaper systems as well larger rates than would otherwise be required.
2. Second regarding general rates and the proposed **"Demand Charge"**:
  - a. It appears the proposal would create a new demand charge which would impact all rate payers.
  - b. Such a proposal would impact those customers using the least amount of electricity to a much larger extent than larger users. One could argue that it is unfair to compare a small residential user trying to conserve energy usage to a large company because the company has a much larger need for electricity. However, some of the smallest residential users such as those trying their best to conserve energy and those in the lowest economic spectrum of society would be impacted to a much larger extent than residential users which have a need for more electricity. This is similar to sales taxes which disproportionately impact the most marginalized with the least income compared to those in society with more income. Our income tax system is progressive (those with more can afford to pay more; those with less cannot afford to pay the same percentage of their income to taxes).
  - c. I request the Commission investigate this proposal thoroughly and if the Commission determines a demand charge is appropriate, then the demand charge be based on a system that encourages customers to reduce their energy use and not discourage such. To do otherwise is BAD PUBLIC POLICY.
3. Third regarding general rates and the proposed **"Allocation of Cost Among Various Rate Components"**:
  - a. I believe all cost associated with the generation of electricity should be included in the cost component for generation and not included in general system charges such as office overhead, etc. This means all personnel, equipment, supplies, etc. should be accounted for in the generation component and not as a general system charge. Furthermore, the kilowatt rate for generation should include all these cost so the cost is proportionately shared among the users based on the amount of

electricity each uses. Listing any component of generation as a general system charge creates a disincentive to minimize the use of electricity. Minimizing the use of electricity which minimizes the impact to our limited resources is GOOD PUBLIC POLICY; doing otherwise is BAD PUBLIC POLICY.

- b. The same philosophy applies for everything necessary to provide electricity to the user (all distribution cost, etc.).

Respectively Submitted,  
Craig Watts 7/15/16